

2005 Revenue Review

In 2005, 94.1% of all tax revenue collected by the State of Nebraska was collected by the Nebraska Department of Revenue. Tax collections for the year were \$3,846 million, an increase of \$327 million or 9.3% above 2004. The receipts from permits, fees, and licenses collected by the department were \$261 thousand, a decrease of 19.7% from the previous year.

Over three-quarters of the department's net tax receipts in 2005 were from state sales tax and income taxes. Net individual income tax receipts increased \$152 million to \$1,449 million in 2005, an increase of 11.7% from 2004. Net receipts from corporation income tax were \$241.7 million in 2005, up \$53.0 million or 28.1% from 2004. Net state sales and use tax receipts for 2005 totaled \$1,248 million, an increase of \$67 million or 5.7% above 2004. Sales tax receipts included \$152.7 million of sales tax on motor vehicles.

The largest share of tax revenue is deposited in the State General Fund. General Fund revenue sources accounted for 79.6% of the total revenue collected by the Department of Revenue in 2005. Sales and income taxes are the primary sources of General Fund revenue.

Motor fuels taxes and sales tax on motor vehicles are deposited in state highway funds. Revenue deposited in the Highway Trust Fund, Highway Allocation Fund, and the Highway Cash Fund accounted for 11.5% of revenue collections.

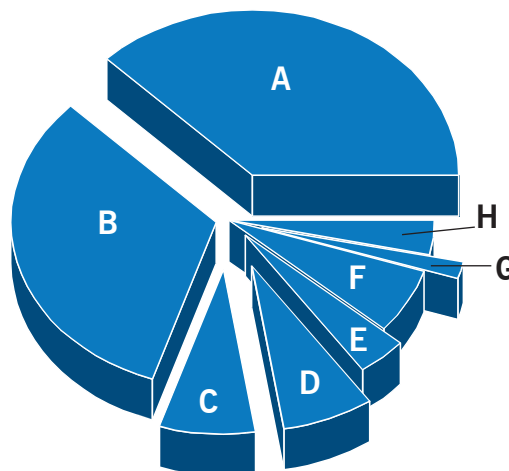
In 2005, 7.5% of revenue collections were distributed to local governments. City sales tax and county lodging tax are collected by the Nebraska Department of Revenue and distributed directly to cities and counties.

Revenue deposited in other governmental funds accounted for the remaining 1.4% of collections.

The major state revenue sources are described beginning on page 7. The descriptions include the basis and current tax rate, due dates of reports and payments, administering agencies or officials, and the manner of distribution of each tax or fee.

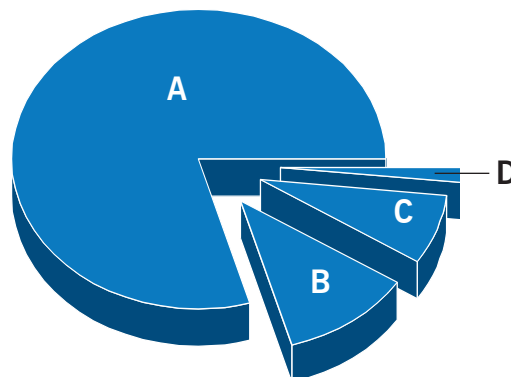
Sources of Revenue

A	Individual Income Tax.....	37.7%
B	State Sales and Use Tax.....	32.4%
C	Motor Fuels Taxes	7.6%
D	City Sales Tax	7.1%
E	Sales Tax on Motor Vehicles	4.0%
F	Corporation Income Tax	6.3%
G	Cigarette Tax	1.7%
H	Other Collections.....	3.2%



Distribution of Revenue

A	General Fund.....	79.6%
B	Highway and Road Funds*.....	11.5%
C	Local Governments.....	7.5%
D	Other Funds	1.4%



* Includes the Highway Trust Fund, Highway Allocation Fund, and Highway Cash Fund